
TOO GOOD TO BE TRUE....

A Column on Consumer Issues

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Top Ten Consumer Scams – 2002 – Part 1.

Knowledge is the key to fraud prevention, and a good consumer is always on the lookout for scams. In an effort to keep the public aware of current consumer scams, the Consumer Protection Division recently released the Top 10 consumer fraud complaints filed with its office for 2002. In this week's column we will address first five of the 2002 Top Ten list, in detail:

1. Telephone – slamming & cramming

"Slamming" occurs when a consumer's long distance carrier is switched without his or her authorization. If you have been slammed, ask your local phone company to switch you back to the long-distance company you want. The switch is free. You may also have to contact the company that slammed you if any charges or bills are involved. If that does not resolve the problem, file a complaint with the Public Service Commission by calling 701-328-2400.

"Cramming" most often occurs when you call an 800– number for a "free" service. A recording prompts you to give your name and make a verbal agreement in order to get the free service. You are automatically enrolled in an expensive club or program. You never get the "free" service you called about, but you do get billed. Check your phone bill every month for charges you don't recognize. If you find an unauthorized charge, follow the instructions on your bill to dispute the charge, and follow up in writing. If that doesn't work, call the Consumer Protection Division.

2. Mail Order

Most mail order firms are reputable, but some advertise merchandise they have no intention of delivering, or merchandise that is faulty or of poor quality. If you purchased something from a mail order company operating out of state, it can be very difficult to get satisfaction if you experience a problem. Before shopping with a company you don't know, you should check with the Better Business Bureau in the state the company is based. You can find other state's Better Business Bureaus at 703-276-0100 or on the web at: www.bbb.org.

3. Magazine Subscriptions.

Some magazine telemarketers trick consumers into paying hundreds of dollars for multi-year subscriptions to magazines they do not want or cannot afford. The telephone sales pitch can be so slick that many consumers do not even know they have bought magazines until the bill arrives.

North Dakota's home solicitation sales law gives consumers three days to cancel a contract when a seller has contacted the consumer over the telephone or away from the seller's normal place of business. People over the age of 65 have 15 days to cancel. This cancellation notice must be given to the consumer orally at the time of the sale, and also in writing, for the contract to be legally binding. The three-day or 15-day right to cancel begins after the consumer receives the written agreement.

4. Credit Cards/Credit Protection.

Credit card protection companies offer to keep track of a consumer's credit cards for a fee – which may be hundreds of dollars. If the cards are lost or stolen, the protection company will contact the credit card companies to report the loss. Protection companies also offer emergency cash if cards are lost or stolen when the consumer is away from home.

However, most major credit card issuers offer the same services free of charge and by law, once you report the loss or theft, you have no further liability for unauthorized charges. Even if charges happen before you call, your maximum liability under federal law is \$50 per card.

Credit card companies often require payment of fees in advance, but then fail to approve the credit application. Credit card companies also send credit cards and pre-approved credit card applications to consumers who have not requested them. Both of these practices may lead to problems for the consumer if the consumer is not aware he or she is to receive a credit card and the card is lost or stolen before it reaches them.

5. Automobile.

Auto repair and used car purchases caused the majority of complaints in this category. Consumers should be aware that North Dakota's "lemon law" **does not apply to used vehicles**. Before buying a used car, you should have it checked by a trusted mechanic for any major defects or repairs the car may need now or in the near future, check car buying guidebooks and consumer magazines for information on performance, and, for a small fee, obtain a complete history of the vehicle from www.carfax.com. And remember, there is no three-day right to cancel on new or used car purchases.

When taking your vehicle in for repair, it is important to get a written estimate for the repairs, and to tell the repairman to call you before performing any additional repairs.

Next week, the remaining five Top 10 consumer scams for 2002 will be reviewed.

The Attorney General's Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404, toll-free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). This article and other consumer information is located on our website at www.ag.state.nd.us.

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